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Travel and Recreation: Jobs, Lifestyle, and Growth

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Travel and Recreation Jobs, Lifestyle, and Growth

Norma P. Nickerson, Director, Institute for Tourism and Recreation Research

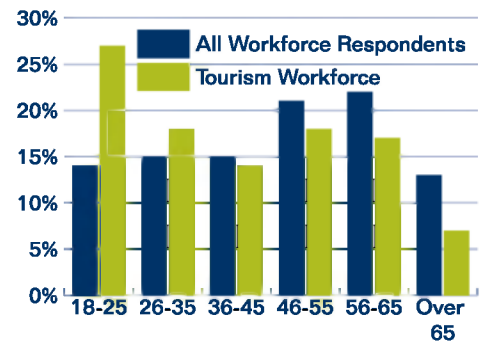
In the election year of 2012, every politician said, “jobs, jobs, jobs” were the number one issue. The travel industry has been a faithful contributor to keeping jobs in Montana. Estimates indicate that resident and nonresident travelers spent \$3.6 billion in 2011, directly supporting nearly 36,750 jobs and 50,670 jobs overall around the state (Table 1) (Grau, 2012). While the economic input-output model indicates more than 50,000 jobs are supported by tourism, a jobs study by UM’s Institute for Tourism and Recreation Research (ITRR) found that 81,000 Montana jobs have some relationship to the travel industry in Montana and make up 17 percent of Montana’s workforce (Nickerson, 2012).

Most economists look at tourism jobs as the sum of the hospitality and leisure sectors. However, respondents to the ITRR jobs study were quick to point out that tourism jobs span a wide range of industries that generally get coded

into other sectors: retail or gas stations, outfitters/guides, second home rental and property management, transportation (air, train, bus), travel agency, advertising and promotion agencies, construction, landscaping, car sales and repairs, agriculture, and health care, to name a few. Therefore, when the direct tourism businesses are doing well, their businesses contribute to the need for many other jobs within the state.

When analyzing Montana’s workforce through a tourism lens, ITRR found that the average age for Montana’s workforce of 47 years is higher than the average age of tourism workers (41 years of age). Tourism workers ages 18-35 represent 45 percent of the industry compared to 29 percent of all other industry workers, demonstrating that tourism provides the younger generation with jobs and income at a higher rate than other industries (Figure 1). Not surprisingly,

Figure 1
Montana Workforce Ages, All Workforce vs. Tourism Workforce



Sources: Institute for Tourism and Recreation Research, The University of Montana; U.S. Census Bureau.

with the high number of young workers, only 53 percent of the tourism industry workers reported working a full 12 months. An additional 10 percent worked three months in tourism-related jobs (summer jobs) while another 7 percent worked six months (seasonal positions). Eighty-one percent of those working in tourism held only one job for the year, but 16 percent held two jobs during the year.

Table 1
2011-12 Combined Resident and Nonresident Travel Economic Impact

\$3.60 billion in resident & nonresident spending contributes:	Direct	Indirect	Induced	Combined
Industry Output	\$2,923,400,000*	\$659,500,000*	789,100,000*	4,372,000,000*
Employment (# of jobs)	36,750	5,970	7,950	50,670
Employee Compensation	\$798,000,000	\$169,000,000	\$211,100,000	\$1,178,100,000
Proprietor Income	\$128,100,000	\$37,500,000	\$41,800,000	\$207,400,000
Other Property Type Income	\$392,900,000	\$157,700,000	\$181,900,000	\$732,500,000
State & Local Taxes	-	-	-	\$360,600,000

* IMPLAN economic input-output model software was used in these analyses.

Note: Resident travel spending data were collected July 1, 2011 - June 30, 2012. For more info, visit http://www.itrr.umt.edu/reports_res.htm.

Nonresident data were collected January - December 2011. For more information, visit <http://www.tourismresearchmt.org/>.

Source: Institute for Tourism and Recreation Research, The University of Montana.

TRAVEL AND RECREATION OUTLOOK

Table 2
Percent of Montanans Taking at Least One Trip within the Past Week, Full Year

Pleasure		Business		Other*	
Day Trips	Overnight Trips	Day Trips	Overnight Trips	Day Trips	Overnight Trips
19%	18%	16%	8%	13%	5%

*Other includes funerals, medical or other appointments, necessity shopping, etc.
 Source: <http://www.itrr.umt.edu/research12/ResidentTravel2011-12RR2012-8.pdf>
 Institute for Tourism and Recreation Research, The University of Montana.

Perhaps one of the more interesting aspects of tourism is the reason why employees are working in Montana. Most people who work in the tourism industry mentioned the lifestyle, wide open spaces, outdoor recreation opportunities, and as one respondent put it poetically: “The light breaking through the clouds near the Beartooth Highway.... If you live here I don’t need to elaborate” (Oschell, 2012).

Part of that lifestyle is staying and playing in Montana. A recently completed year-long study of resident travel in Montana revealed that 15.4 million person trips of 50 miles or more away from home (or 5.7 million group trips) were taken in the past year (Table 2). Montana residents were more likely to travel for pleasure during the month of August (Figure 2) and were in engaged in outdoor recreation (34 percent) or to visit friends and family (20 percent). Interestingly, travel within the state varies from region to region. The most widely visited region by residents from around the state is Glacier Country, and as much as we would like to think that traveling the backroads is the glamorous thing to do, most travel is on the Interstate highway system (Grau & Nickerson, 2012).

2013 Outlook

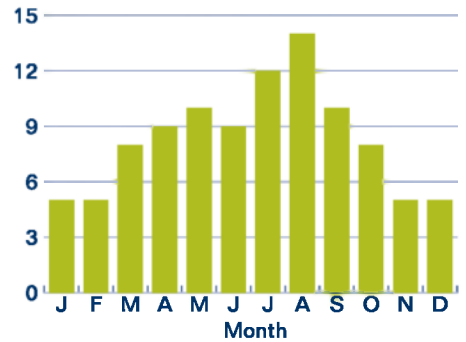
According to the Bureau of Labor Statistics (2012), people in the United

States spend 3 percent of their income on travel-related expenses. This spending is brought to Montana by nonresidents because of Montana’s open space, clean waters for fishing and wildlife habitat, clean air and a chance to escape from everyday stresses. Montana residents are no exception to that spending pattern since 2.7 percent of Montana household expenditures went to travel-related expenses in 2011 (Grau & Nickerson, 2012). This spending on travel in Montana is expected to continue and actually increase in 2013. While the outlook for domestic travel volume at the national level is a very modest growth (1.1 percent), travel spending is projected to increase 3.7 percent over 2012 (Cook, 2012).

Another bright spot in the U.S. travel picture is the continual growth in international inbound travel. With a projection of 65 million international visitors in 2012 and more in 2013, international visitation can help offset slow growth on the domestic side. Yellowstone National Park is the largest international draw in our region and with three of the five gateways accessed through Montana, our state serves to benefit from this increased international traffic.

The U.S. economy does directly affect nonresident travel in Montana, and Montana tourism business owners are optimistic. In the annual outlook

Figure 2
Monthly Distribution of Resident Pleasure Trips in Montana



Source: <http://www.itrr.umt.edu/research12/ResidentTravel2011-12RR2012-8.pdf>, Institute for Tourism and Recreation Research, The University of Montana.

survey conducted in November of 2012, 64 percent of business owners believe they will have a better year in 2013, and 31 percent said it will remain the same, which closely relates to 2012 when 61 percent had an increase and 20 percent stayed the same. Modest growth of 2 percent is projected for Montana’s travel industry in 2013 for both nonresident and resident travel in Montana while spending should increase nearly 4 percent. **13**

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